WEEKLY ECONOMIC REVIEW

NOVEMBER 18, 2005

A North American Free Trade Agreement (NAFTA) panel has given the United States one week to reduce its import duties imposed on Canadian softwood lumber. Successive NAFTA panels have ruled in Canada's favour in recent months, but the United States has not complied with the rulings.

The Canadian government released an economic and fiscal update this week, offering several spending increases and tax cuts over the next five years. All of these offerings, including a reduction to both personal income and corporate tax rates, are subject to the uncertainties surrounding the current minority government and the potential for an election in the near future.

Canada's manufacturing shipments fell 0.5 per cent in September resulting from a significant decline in motor vehicle manufacturing. Excluding the motor vehicles and parts industries, shipments increased 0.6 per cent. The volatility of manufacturing shipments between August (+3.1 per cent) and September question whether manufacturers are experiencing production problems resulting from some capacity constraints. Alberta's manufacturing shipments increased 1.6 per cent in September, contributing to the 12 per cent gain so far this year.

Cdn Dollar (C¢/US$)

Nov 18, 2005	84.0¢
Nov 10, 2005	84.2¢
2005-06 YTD	82.4¢

WTI Oil SUS/bbl

Nov 17, 2005	$56.34
Nov 10, 2005	$57.80
2005-06 YTD	$58.84

Nymex Natural Gas CS/mcf*
December Contract

Nov 18, 2005	$13.57
Nov 11, 2005	$14.03

*Estimate based on Nymex Futures Market Price

U.S. consumer prices increased by 0.2 per cent in October, as gasoline and natural gas prices moderated following a double-digit increase in September. Although core inflation continues to show no evidence of pass-through effects from post-hurricane energy and commodity prices, the Federal Reserve is concerned about inflationary pressures and is expected to increase interest rates in the near term.

Above normal oil inventories combined with concerns about softer demand further eased the price of oil this week, closing at US$56 on Thursday. For the sixth consecutive week, natural gas storage levels improved outweighing the impacts of cold weather occurring in the U.S. Northeast and Midwest on the price of natural gas.

Economic Indicators Released this Week	Reference Period	Month/Previous Month	Month/Previous Year's Month	Year-to-date[1]
Manufacturing Shipments ($ millions)	**September**			
Alberta	4,988	1.6%	11.3%	12.1%
Canada	51,571	-0.5%	1.5%	3.4%
Wholesale Trade ($ millions)	**September**			
Alberta	4,690	3.0%	17.8%	17.3%
Canada	39,940	-0.1%	5.6%	5.9%

Source: Statistics Canada

[1] *Year-to-date 2005 compared to the same time period in 2004. For example: January-September 2005 versus January-September 2004*